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CC:	
Date:	Thu, 2/5/2015 7:05:22 PM
Subject:	Daily Update

Quote of the Day

"If you are not taking care of your customer, your competitor will." – Bob Hooey

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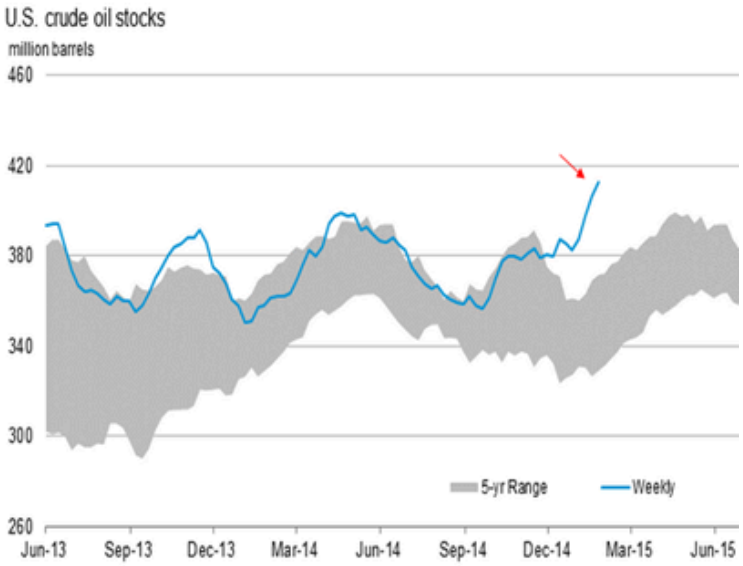
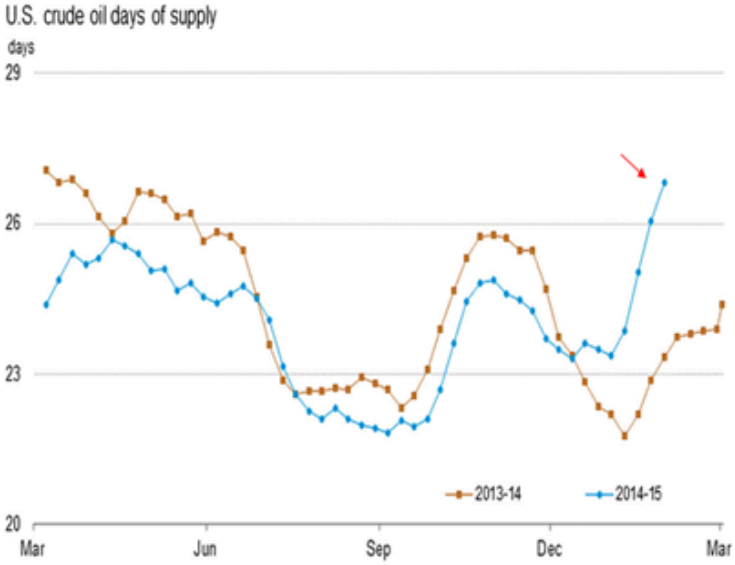
- Have we mentioned Greece or Oil lately?.....Those two items are the dominate news stories today (again) as risk is recovering from the last minute sell-off yesterday. It feels quiet otherwise. Minutes before the close yesterday the ECB essentially restricted the Greek banking system from obtaining liquidity by declaring Greek bonds as ineligible" for repo collateral. The US markets took a 1.33% dive in those closing minutes (it felt like 2008-2011 price action déjà vu). The Europeans took the news a bit better today (the broad market is down about 50bps but Athens is down 4% - from down 10% early this morning - How you doing Plutus????). On the oil front, WTI has plunged about 13% in a day and half (after a 25% rally in the previous four days). Yesterday's EIA report showed continued massive oversupply as levels reached eighty year highs (see Charts of the Day). Other news includes soaring job cuts in the oil sector, Pfizer is buying Hospira, Siemens is cutting jobs globally, Anthem had a massive data breach and a 2008 Pentagon report claims that Putin has Asperger's syndrome…. Eminis: +15 10 year: 1.80%

- Data: Claims came in at 278k (vs. 290k exp). More importantly, Unit Labor Costs soared 2.7% (vs. 1.2% exp). Wage inflation?..... German factory orders were strong (because their output is getting cheaper as the Euro sinks). The EU forecasted that CPI will fall 0.01% and GDP will rise 1.3% this year (we know the recent history of CB forecasting accuracy…)

- Credit: Investors are slowing down a bit (but not selling). Folks are just rethinking their desire to lift at these higher levels. Another attribute of note is that liquidity appears to be returning to the second lien market. This is probably a function of high yield bond inflows. Repayments are up. Outlows are tepid. Supply remains muted.

- Charts of the Day:


U.S. crude oil stocks
million barrels
460
420
380
340
300
260
5-yr Range
Weekly
Jun-13
Sep-13
Dec-13
Mar-14
Jun-14
Sep-14
Dec-14
Mar-15
Jun-15

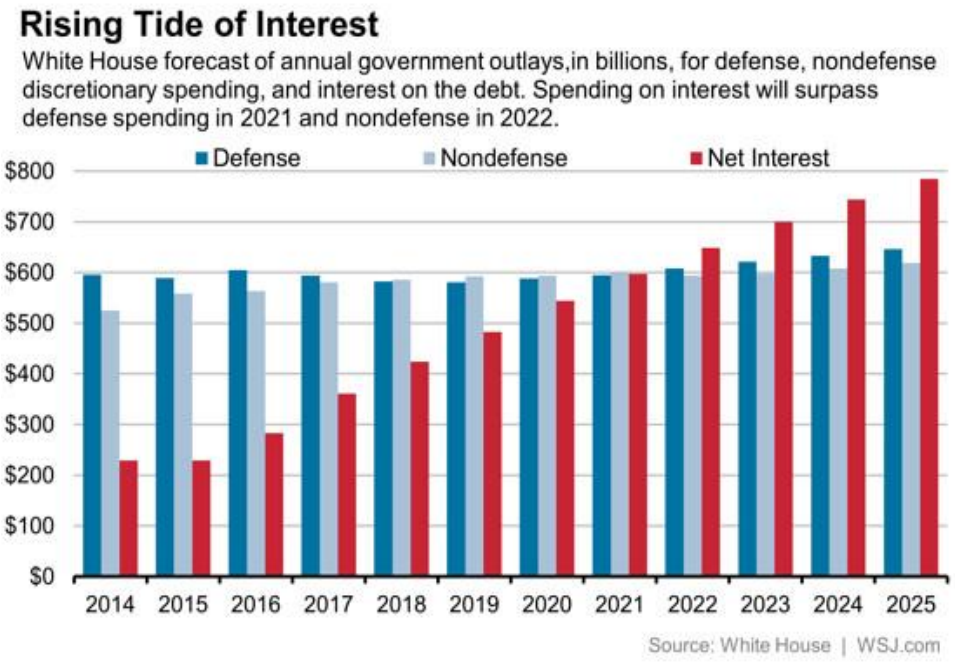

U.S. crude oil days of supply
days
29
26
23
20
2013-14
2014-15
Mar
Jun
Sep
Dec
Mar

Bank Rate 30 year mortgage rate

- Other:
  - Seth Klarman: What I've learned from Warren Buffett http://www.ft.com/intl/cms/s/0/6ab48700-a898-11e4-ad01-00144feab7de.html?ftcamp=published_links%2Frss%2Fhome_asia%2Ffeed%2F%2Fproduct&siteedition=intl#slide0
  - Reminder: the news is entertainment http://www.washingtonpost.com/lifestyle/style/brian-williams-admits-that-his-story-of-coming-under-fire-while-in-iraq-was-false/2015/02/04/d7fe32d0-acc0-11e4-9c91-e9d2f9fde644_story.html
  - Tax success.... Tom Brady faces $60,500 IRS bill for winning Super Bowl http://www.washingtonexaminer.com/tom-brady-faces-60500-irs-bill-for-winning-super-

bowl/article/2559818

- Nice work Washington! – If we performed our jobs in this manner, we would be unemployed…



- HY: 106 ¼ (+1/4)
- IG: 66 ¾ (-1 ¼)
- CSLLI: 0.24% mtd / 0.50% ytd

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